to improve the functioning of banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e) The information is being collected from the public sector banks and, to the extent available, will be laid on the Table of the House.

Revamping of Regional Rural Banks

913. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of FINANCE be pleased to state:

(a) the losses suffered by the Regional Rural Banks of the country during the last three years;

(b) what are the reasons for the poor performance of these Banks;

(c) whether these Banks have succeeded in achieving the objective for which they were set;

(d) whether Government consider revamping of Regional Rural Banks; and

(e) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The looses incurred by the Regional Rural Banks (RRBs) during the last three years were as under:

(Rs. in crores)

Year	Amount
1989-90	94.01
1990-91	92.87
1991-92	258.66

The position for the year 1992-93 is not available.

(b) The reasons for the poor performances of the RRBs may be classified as under:—

(i) A narrow or negative margin on leadings due to high cost of funds;

(ii) High fixed overheads.

(iii) High servicing cost because of a large number of small accounts.

(iv) Low productivity per employee because of restricted operations.

(c) The RRBs have been helpful in granting credit facilities to the rural areas especially weaker sections of the society in order to improve their economic conditions. The weaker sections of the rural population by and large benefited out of it.

(d) and (e) Government have initiated a process of consultation for restructuring of the RRBs. A number of models have been worked out and effectiveness of each is being examined from all angles. This also includes the proposal for establishment of a National Rural Bank of India (NRBI), with a view to improve the viability of rural banking and increase the flow of credit to rural sector. However, no final decision has so far been taken in this regard.

Trends in the rate of inflation

914. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of FINANCE be pleased to state:

(a) the trends in the rate of inflation, month-wise on the basis of the Wholesale Price Index & Consumer Price Index during the last six months;

(b) what has been the contribution of administered price hike is the overall price increase; and

(c) what steps have been taken by Government to control prices of essential items?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The rate of inflation on the basis of Wholesale Price Index and Consumer Price Index during

the last six months is given below:

Month	(Per cent) WPI	CPI
January . .	7.6	5.7
February . .	7.6	5.7
March . . .	7.1	6.1
April . . .	6.9	6.1
May . . .	6.1	5.1
June . . .	6.1	N.A.
July (upto 17th) .	5.5	

N.A.—Not available

(b) Nearly 44 per cent of the current rate of inflation estimated provisionally at 5.5 per cent on 17th July, 1993 was accounted for by increase in prices of administered items.

(c) Government has taken several steps to moderate the rate of inflation such as:—

—strict control on fiscal deficit.

—Liberalised trade policy and reduction in tariffs, especially in basic raw materials so as to reduce input costs.

—Improved supply management through augmentation of PDS supplies and import of essential commodities whenever necessary.

—tight monetary policy initially to restrict demand followed up subsequently by reduction in interest rates to enhance investment.

Implementation of Chelliah Committee Report

915. SHRI SHIV PRATAP MISHRA: Will the Minister of FINANCE be pleased to state:

(a) what are the details of points of Chelliah Committee report on tax reforms which have not been implemented so far and what are the reasons for the same; and

(b) by when these will be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The Committee have recommended comprehensive reforms in the structure and policies of direct as well as indirect taxation. Some of its recommendations capable of implementation in the short term have been implemented. The acceptance and implementation of the remaining recommendations will be synchronised with the progressive reform of the country's taxation system, in a phased manner over the next few years.

Implementtaion of Narasimham Committee Report

916. SHRI SHIV PRATAP MISHRA: Will the Minister of FINANCE be pleased to state:

(a) what are details of recommendations of the Narasimham Committee on financial sector reforms which have not been implemented so far;

(b) what are the reasons for which these have not been implemented so far; and

(c) by when these will be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) The main recommendations of the Committee on Financial Systems which are yet to be implemented are creation of a Supervisory Board, tax treatment of banks' income, restructuring of the banking system, setting up of Asset Recommendation Fund, decentralisation of recruitment of officers in the banks and reduction in the priority sector credit.

The recommendations of the Committee are being implemented in phased manner.